

Message Text

PAGE 01 TOKYO 09481 150842Z

10

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 L-03 H-02 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 /066 W

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P R 150810Z JUL 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 1606

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMAMEBASSY LONDON 2557

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

LIMITED OFFICIAL USE TOKYO 9481

E.O. 11652 N/A

TAGS: EFIN, JA

SUBJECT: CONGRESSIONAL INTEREST IN RECIPROCITY IN FOREIGN BANK
ESTABLISHMENT

REF: STATE 157474

PASS TREASURY

1. EMBASSY CONTINUES TO BELIEVE THAT "OUR PRINCIPLE OF NON-
DISCRIMINATION IN U.S. GIVES US LITTLE OR NO BARGAINING
POWER TO WORK FOR ELIMINATION OF DISCRIMINATION AGAINST U.S.
BANKS IN JAPAN. U.S. BANKS IN JAPAN HAVE SAME VIEW."
(REPORT BY BALLE ON TOKYO VISIT, PARA 8, SEOUL 2470,
LIMDIS, 4/18/74). IN PAST FNC TREAT WITH JAPAN HAS PRO-
VIDED LITTLE LEVERAGE FOR U.S. IN BANKING FIELD.

2. GOJ CONTINUES TO IMPOSE ONE-FOR-ONE RECIPROCITY
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PAGE 02 TOKYO 09481 150842Z

PRINCIPLE IN LICENSING BRANCHES OF FOREIGN BANKS TO
OPERATE IN JAPAN. FOR U.S. BANKS RECIPROCITY PRINCIPLE
APPLIED ON STATE-BY STATE BASIS. GOJ WILL NOT LICENSE
FOREIGNERS TO OPERATE WHOLLY OR PARTLY OWNED BANKS IN

JAPAN. MOREOVER, JAPAN DOES NOT ADHERE TO PRINCIPLE OF "EQUAL TREATMENT" SO THAT U.S. AND OTHER FOREIGN BANKS IN JAPAN OPERATE UNDER COSIDERABLY TIGHTER RESTRICTIONS THAN JAPANESE BANKS.

3. RELAXED MOF ATTITUDE TOWARD FR BILL ON FOREIGN BANKS ALREADY REPORTED CONFIDENTIAL TOKYO 2941. THIS ATTITUDE DUE TO GENEROUS GRANDFATHERING PROVISIONS AND PSSSIBILITY FOR FEDERAL LICENSING IN STATES THAT PRESENTLY PROHIBIT FOREIGN BANKS. SEE ESPECIALLY COMMMENTS PARA 9 REGARDING JAPANESE ANXIETY TO KNOW WHAT, IF ANY, "QUID PRO QUO" USG MIGHT WANT UNDER SEC 18, SUBSEC (F) AND SEC 25, SUBSEC (E).

4. PERTINENT REPORTS ON SUBJECT PREVIOUSLY TRANSMITTED BE EMBASSY INCLUDE THE FOLLOWING: (A) REGUALTION OF FOREIGN BANKING IN JAPAN, A-243, 4/19/74, AS WELL AS ENCLOSURE TO THAT REPORT (ARTICLE BY J.R. DRUMSRIGHT, REGIONAL VP, B OF A TOKYO, "FOREIGN BANKS GROW DESPITE FUNDING PROBLEMS" PUBLISHED IN MARCH 1974 ISSUE OF EURO-MONEY); (B) FOREIGN BRANCH BANKING IN JAPAN, A-288, 6/20/75; AND (C) MEMORANDUM: DISCUSSIONS BETWEEN NATIONAL BANK EXAMINER MARTIN AND MOF BANKING BUREAU OFFICIAL HIYOSHI, 6/13/75, TRANSMITTED TO TREASURY (COMPT OF CURRENCY AND OASIA/WIDMAN).
HODGSON

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Margaret P. Grafeld
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